

New Report Says Stem Cell Agency Produces Measurable Economic Benefits for California

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Oakland, CA – An independent Economic Impact Report says the California Institute for Regenerative Medicine (CIRM) has had a major impact on California's economy, creating tens of thousands of new jobs, generating hundreds of millions of dollars in new taxes, and producing billions of dollars in additional revenue for the state.

The report, done by Dan Wei and Adam Rose at the Price School of Public Policy at the University of Southern California, looked at the impacts of CIRM funding on both the state and national economy from the start of the Stem Cell Agency in 2004 to the end of 2018.

The total impacts on the California economy are estimated to be:

- \$10.7 billion of additional gross output (sales revenue)
- \$641.3 million of additional state/local tax revenues
- \$726.6 million of additional federal tax revenues
- 56,549 additional full-time equivalent (FTE) jobs, half of which offer salaries considerably higher than the state average

Maria Millan, M.D., CIRM's President and CEO, says the report reflects the Agency's role in building an ecosystem to accelerate the translation of important stem cell science to solutions for patients with unmet medical needs. "CIRM's mission on behalf of patients has been the priority from day one, but this report shows that CIRM funding brings additional benefits to the state. This report reflects how CIRM is promoting economic growth in California by attracting scientific talent and additional capital, and by creating an environment that supports the development of businesses and commercial enterprises in the state"

In addition to the benefits to California, the impacts outside of California on the US economy are estimated to be:

- \$4.7 billion of additional gross output (sales revenue)
- \$198.7 million of additional state (non-Californian) & local tax revenue
- \$208.6 million of additional federal tax revenues
- 25,816 additional full-time equivalent (FTE) jobs

The researchers summarize their findings, saying: "In terms of economic impacts, the state's investment in CIRM has paid handsome dividends in terms of output, employment, and tax revenues for California."

The estimates in the report are based on the economic stimulus created by CIRM funding and by the co-funding that researchers and companies were required to provide for clinical and late-stage preclinical projects. The estimates also include:

- Investments in CIRM-supported projects from private funders such as equity investments, public offerings and mergers and acquisitions,
- Follow-on funding from the National Institutes of Health and other organizations due to data generated in CIRM-funded projects
- Funding generated by clinical trials held at CIRM's Alpha Stem Cell Clinics network

The researchers state "Nearly half of these impacts emanate from the \$2.67 billion CIRM grants themselves."

"The economic impact of California's investment in stem and regenerative cell research is reflective of significant progress in this field that was just being born at the time of CIRM's creation," says Dr. Millan. "We fund the most promising projects based on rigorous science from basic research into clinical trials. We partnered with researchers and companies to increase the likelihood of success and created specialized infrastructure such as the Alpha Clinics Network to support the highest quality of clinical care and research standards for these novel approaches. The ecosystem created by CIRM has attracted scientists, companies and capital from outside the state to California. By supporting promising science projects early on, long before most investors were ready to come aboard, we enabled our scientists to make progress that positioned them to attract significant commercial investments into their programs and into

California."

These partnerships have helped move promising therapies out of the lab and into clinical trials for companies like Orchard Therapeutics' successful treatment for Severe Combined Immunodeficiency and Forty Seven Inc.'s innovative approach to treating cancer.

"I think one of the greatest strengths of CIRM has been their focus on development of new stem cell therapies that can become real medicines," says UCLA and Orchard Therapeutics' Don Kohn, M.D. "This has meant guiding academic investigators to do the things that may be second nature in industry/pharmaceutical companies but are not standard for basic or clinical research. The support from CIRM to perform the studies and regulatory activities needed to navigate therapies through the FDA and to form alliances with biotech and pharma companies has allowed the stem cell gene therapy we developed to treat SCID babies to be advanced and licensed to Orchard Therapeutics who can make it available to patients across the country."

"CIRM's support has been instrumental to our early successes and our ability to rapidly progress Forty Seven's CD47 antibody targeting approach with magrolimab," says Mark Chao, M.D., Ph.D., Founder and Vice President of Clinical Development at Forty Seven Inc. "CIRM was an early collaborator in our clinical programs, and will continue to be a valued partner as we move forward with our MDS/AML clinical trials."

The researchers say the money generated by partnerships and investments, what is called "deal-flow funding", is still growing and that the economic benefits created by them are likely to continue for some time: "Deal-flow funding usually involves several waves or rounds of capital infusion over many years, and thus is it expected that CIRM's past and current funding will attract increasing amounts of industry investment and lead to additional spending injections into the California economy in the years to come."

They conclude their report by saying: "CIRM has led to California stem cell research and development activities becoming a leader among the states."

You can find a copy of the report on our website.

About CIRM

At CIRM, we never forget that we were created by the people of California to accelerate stem cell treatments to patients with unmet medical needs, and act with a sense of urgency to succeed in that mission.

To meet this challenge, our team of highly trained and experienced professionals actively partners with both academia and industry in a hands-on, entrepreneurial environment to fast track the development of today's most promising stem cell technologies.

With \$3 billion in funding and approximately 300 active stem cell programs in our portfolio, CIRM is the world's largest institution dedicated to helping people by bringing the future of cellular medicine closer to reality.

For more information go to www.cirm.ca.gov

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